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Message Text

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ACTION OES-07

INFO OCT-01 ARA-10 EUR-12 NEA-11 ISO-00 ACDA-12
CIAE-00 INR-10 IO-13 L-03 NSAE-00 NSC-05 EB-08
NRC-05 SOE-02 DODE-00 SS-15 SP-02 CEQ-01 AF-10
EA-10 /137 W
----------056206 200720Z /11
R 200655Z MAY 78
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 6464
INFO AMEMBASSY CARACAS
AMEMBASSY MEXICO
AMEMBASSY MOSCOW
AMEMBASSY TRIPOLI
USDOEHQ WASHDC
USDOEHQ GERMANTOWN

C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 04643

USIAEA

DEPT PASS IO/SCT
DOE PASS AMMONS, IA

E.O. 11652: GDS
TAGS: IAEA, TECH, MNUC, PARM, VE US, LY
SUBJECT: NUCLEAR FUEL FOR VENEZUELAN RESEARCH REACTOR

REF: A) CARACAS 4353 (NOTAL), B) VIENNA 4337 (NOTAL)

1. MISSION APPRECIATES REPORT REF A, WHICH CONFIRMS OUR EARLIER ASSESSMENT THAT THERE IS SOME SORT OF INTERNAL DISAGREEMENT PREVENTING GOV FROM MOVING AHEAD WITH ITS NPT SAFEGUARDS AGREEMENT. WE PRESUME THAT THE PROBLEM MUST RELATE TO SOME FORM OF IMPLEMENTING LEGISLATION OR REGULATIONS CONCERNING GOV NPT OBLIGATIONS, SINCE THE NPT SAFEGUARDS AGREEMENT AS SUCH CONTAINS NO RPT NO PROVISIONS
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OR REQUIREMENTS RELATING TO PHYSICAL PROTECTION OF NUCLEAR MATERIALS.

2. FOLLOWING IS ENGLISH VERSION OF IAEA TELEGRAM SENT MAY 8 TO ADMIRAL TABORDA OF THE VENEZUELAN NATIONAL NUCLEAR ENERGY COUNCIL: "REYOURTEL 089 AND 092 REQUESTING CLARIFICATION OF DRAFT SUPPLY AGREEMENT 4 NOVEMBER 1977

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FOR TRANSFER ENRICHED URANIUM FOR RV-1 RESEARCH REACTOR

"PRIMO UNDER ARTICLE TWO PARAGRAPH 1 CHARGES TO BE PAID BY VENEZUELA ARE:

"(A) CHARGES FOR THE ENRICHED URANIUM PURCHASED BY VENEZUELA FROM THE MANUFACTURER;

"(B) CHARGES BY MANUFACTURER FOR FABRICATION OF TWENTY FUEL ELEMENTS; AND

"(C) OTHER CHARGES CONNECTED THEREWITH AS SPECIFIED IN SALE CONTRACT BETWEEN VENEZUELA AND MANUFACTURER.

"SECUNDO PARAGRAPH 3 OF ARTICLE TWO IS DESIGNED TO ENABLE VENEZUELA TO RECEIVE A PORTION OF THE ENRICHED URANIUM CONTAINED IN THE FUEL ELEMENTS AS MATERIAL DONATED BY THE UNITED STATES OF AMERICA THROUGH THE AGENCY AT THE END OF EACH CALENDAR YEAR. IN SUCH CASE THE LAST SENTENCE OF PARAGRAPH 3 ARTICLE TWO PROVIDES THAT THE CHARGES FOR THE ENRICHED URANIUM TO BE PAID BY VENEZUELA TO THE MANUFACTURER WILL BE REDUCED BY THE VALUE OF ANY PORTION OF SUCH MATERIAL WHICH WILL BE DONATED BY THE UNITED STATES GOVERNMENT.

"TERTIO IN VIEW OF NEW REQUIREMENTS OF THE UNITED STATES CONFIDENTIAL

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NUCLEAR NON PROLIFERATION ACT OF 1978 THE UNITED STATES AUTHORITIES HAVE NOT YET AGREED TO THE DRAFT SUPPLY AGREEMENT OF 4 NOVEMBER 1977 AND MAY PROPOSE CHANGES TO SOME PROVISIONS OF THAT DRAFT AS WELL AS BILATERAL EXCHANGES OF NOTES WITH VENEZUELA ON OTHER MATTERS CONNECTED WITH THE TRANSFER OF ENRICHED URANIUM.

"QUARTO THE CONCLUSION OF THIS SUPPLY AGREEMENT CAN ONLY TAKE PLACE AFTER VENEZUELA HAS SIGNED WITH THE AGENCY THE SAFEGUARDS AGREEMENT REQUIRED BY ARTICLE THREE (4) OF THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS. WE HAVE REMINDED THE VENEZUELAN MISSION IN VIENNA ABOUT THE URGENCY OF MEETING THIS REQUIREMENT WHICH WAS THE OBJECT OF THE LETTER DATED 10 APRIL 1978 FROM THE DIRECTOR GENERAL OF THE AGENCY TO THE MINISTER OF FOREIGN AFFAIRS IN CARACAS WITH COPY TO YOU.

"QUINTO WE ARE ALSO COMMUNICATING THIS INFORMATION TO THE UNITED STATES MISSION IN VIENNA."

3. COMMENT: MISSION APPRECIATES COMMENTS PARA 2 REFTEL A THAT THERE IS NO RPT NO WEAKENING OF GOV SUPPORT FOR

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NPT AND PRESIDENT PEREZ' PERSONAL ROLE IN PUSHING FOR
STRENGTHENED NON-PROLIFERATION MEASURES, BUT IT SHOULD BE
RECOGNIZED THAT THE IAEA HAS NO RPT NO DIRECT KNOWLEDGE OF
AND CAN DRAW LITTLE COMFORT FROM THESE FACTORS IN TRYING
TO EXPLAIN OR JUSTIFY TO OTHER NPT PARTIES IN THE IAEA
CONTEXT WHY VENEZUELA SHOULD BE PROVIDED WITH ANY SPECIAL
TREATMENT OR GIVEN THE BENEFITOF THE DOUBT WITH RESPECT
TO ITS FAILURE TO LIVE UP TO ONE OF ITS OBLIGATIONS UNDER
NPT. AS FAR AS THE IAEA IS CONCERNED, VENEZUELA IS
LEGALLY IN DEFAULT OF ONE OF ITS NPT OBLIGATIONS, AND THIS
IN TURN RAISES QUESTIONS ABOUT VENEZUELA'S ABILITY AND

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NRC-05 SOE-02 DODE-00 SS-15 SP-02 CEQ-01 AF-10
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TO SECSTATE WASHDC 6465
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WILLINGNESS TO MEET ITS OTHER OBLIGATIONS UNDER NPT AS
WELL AS UNDER OTHER AGREEMENTS WITH IAEA. FYI. AGENCY IS
ALSO CONCERNED ABOUT PRECEDENTIAL ASPECTS INVOLVED.
LIBYAN REP, FOR EXAMPLE, RECENTLY INQUIRED INFORMALLY OF
IAEA WHETHER LIBYA COULD ARRANGE TO HAVE A NUCLEAR
INSTALLATION COVERED BY IAEA SAFEGUARDS UNDER A PROJECT
AGREEMENT. AGENCY LEGAL STAFF MEMBER REPORTEDLY RESPONDED
BY NOTING THAT LIBYA WAS AN NPT PARTY BUT HAS SO FAR
FAILED TO CONCLUDE ITS NPT SAFEGUARDS AGREEMENT WITH IAEA
AS REQUIRED BY ARTICLE III OF NPT, AND, ACCORDINGLY, THAT
IT WOULD BE VERY DIFFICULT TO GO TO THE BOARD OF GOVERNORS
WITH A PROJECT AGREEMENT IN THESE CIRCUMSTANCES. BELIEVE
AGENCY IS CONCERNED ABOUT THE POSSIBILITY OF BECOMING

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SUBJECT TO CRITICISM FOR HELPING MEMBER STATES IN SUCH A WAY THAT THEY ARE ABLE TO EVADE THEIR NPT OBLIGATIONS AND THAT THIS ACCOUNTS PRIMARILY FOR THE AGENCY'S FAIRLY STRONG POSITION TAKEN IN ITS CABLE TO TABORDA ABOVE WITH RESPECT TO VENEZUELA'S NPT SAFEGUARDS AGREEMENT. END FYI.
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